

**Congress of the United States**  
**Washington, DC 20515**

July 7, 2022

The Honorable Sandra Thompson  
Director  
Federal Housing Finance Agency  
Constitution Center 400 7<sup>th</sup> Street SW  
Washington, DC 20219  
Dear Director Thompson:

We congratulate you on your confirmation to serve as the Director of the Federal Housing Finance Agency (FHFA) and appreciate your years of public service and the historic nature of your term leading the agency. During your nomination hearing before the Senate Committee on Banking, Housing, and Urban Affairs, you expressed a belief in the need for the safety and soundness of the FHFA's regulated entities. We agree with this belief, especially now after Fannie Mae and Freddie Mac (the Enterprises) have remained under the conservatorship of the FHFA for 14 years and America's housing finance system continues to put taxpayers at risk. As the FHFA noted in its 2021 Report to Congress, "each Enterprise remains undercapitalized."<sup>1</sup>

In 2018, Republican members of the House Committee on Financial Services sent letters to your predecessor, Director Mel Watt, expressing concern about how the Enterprises have ventured into new activities and product offerings that raised questions regarding their proper role in the market. As long as the Enterprises remain in conservatorship and are fully reliant on taxpayer support, the FHFA has a responsibility to carefully evaluate new pilots, programs, and product offerings. In turn, it is the job of Congress to perform appropriate oversight of federal agencies like the FHFA.

On June 8<sup>th</sup>, the FHFA announced the release of the Enterprises' Equitable Housing Finance Plans for 2022-24, which outline proposed actions to promote equitable access to affordable and sustainable housing, as well as the creation of a "pilot transparency framework."<sup>2</sup> However, simply requiring the Enterprises to publish a list of their pilots and test-and-learn activities twice a year does not substitute for robust oversight by their conservator. The Enterprises have a history of venturing into new activities and product offerings that go well beyond their congressionally approved roles in the secondary market. The FHFA must do more to ensure there is appropriate transparency regarding any new products or activities that the Enterprises undertake and that these activities do not displace private firms or crowd out private capital.

Therefore, we strongly urge you to take one of your first actions as the Director to finalize the long overdue rulemaking on Prior Approval of Enterprise Products, which was proposed in October 2020 and would ensure there is adequate oversight and transparency around new products and activities the Enterprises bring into the market.<sup>3</sup> This is a statutory requirement under Section 1123 of the Housing and Economic Recovery Act of 2008 and has yet to be met over a decade later. As the regulator and

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<sup>1</sup> <https://www.fhfa.gov/AboutUs/Reports/ReportDocuments/FHFA-2021-Annual-Report-to-Congress.pdf>

<sup>2</sup> <https://www.fhfa.gov/Media/PublicAffairs/Pages/FHFA-Announces-Equitable-Housing-Finance-Plans--for-Fannie-Mae-and-Freddie-Mac.aspx>

<sup>3</sup> <https://www.federalregister.gov/documents/2020/11/09/2020-23452/prior-approval-for-enterprise-products>

conservator of the Enterprises, the FHFA must conduct proper oversight of their operations and ensure that all their activities comply with their congressional charters. Pilot programs should not be operating as back doors for the Enterprises to expand into areas already being served by the private sector or to push a housing policy agenda that introduces unacceptable risk to taxpayers.

Sincerely,



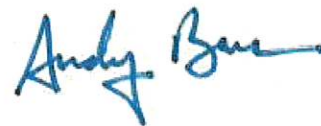
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Member of Congress



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